

Your Alcohol Dollar

Source: Palm Beach Illustrated

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About one month ago, NPR published the results of a study revealing where and how Americans spent money on booze. Using figures from the U.S. Bureau of Labor Statistics, they examined the ways in which our alcohol spending habits have changed since 1982. The conclusions were interesting, and some were unexpected.

As a nation, we spend 1% of our disposable income on alcohol. That amount hasn't changed over the past three decades. We drink roughly the same proportion of beer (47.7% today vs. 48.9% in 1982). However, wine purchases have increased from 16.2% to 39.7% of the total, while consumption of hard liquor has declined from 34.6% to 12.6%.

Where we make our alcohol purchases has changed as well. In 1982, Americans bought 76% of their booze at retail stores, and 24% at bars and restaurants. Today we consume 40% in bars and restaurants, and buy 60% in stores. Despite the rocky economic times of the past few years, when the public was supposedly purchasing more alcohol at retail and drinking it at home to save money, we still allow ourselves the indulgence of going out.

Here's the really interesting part: prices. Over the past thirty years, prices in retail stores have declined 39%, while tariffs in bars and restaurants have increased by 79%.

There are a number of reasons for this dramatic increase. Labor costs have exploded, and there are now far more sommeliers and mixologists than there were in 1982; someone has to pay their salaries, and those costs tend to be passed on to the consumer. Diners are drinking more wine, which carries a high markup and can be consumed more quickly. Some of the price creep is regional, of course. Here in Palm Beach, it's still common to find bottles of wine in restaurants that are marked up 400% over wholesale cost, and \$20-30 glasses of wine are not unusual. It's doubtful that would play in Peoria. And once you're seated in a restaurant, it's not likely that you're going to walk out because wine prices are too high.

The deflation in retail prices can most likely be traced to the Internet and the phenomenon of direct shipping. If you feel that your local retailer is charging too much for your favorite tippie, you're now free to do a search and order it online. Sometimes, that's not even necessary. I was recently shopping for a bottle of booze (I won't specify the type, to keep the example anonymous). My local store was selling it for \$39.99. A few minutes on the computer revealed that a store four miles away carried it for \$26.99, a reduction of more than 50%. It truly is a different world.